Sectt. II-27—60,004—17-11-48.

Public (Political) (1949) Department.

Ks. SERIES.

Passed 24/11/49

G.O. NO. 3192.

24/11/49.

Dated 16-9-49

[Despatch Abstract.]

States - Sandur - The United Commercial Bank Ltd., San
Payment of Subsidy - Ordered.

Transfer Note

R.C.No.3560/49 C.C. Dated. 17-5-49.

From E.C. ALLARDICE ESQ., I.C.S.,
COLLECTOR BELLARY.

TO THE CHIEF SECRETARY TO GOVERNMENT
FORT ST.GEORGE, MADRAS.

Rev (Political) dept.
development u.o.

Rev.Clm/No.3162/48-1 dt 24/5/49 Rec'd 26.5.49 25/5/49

SIR,

BANKS - SANDUR STATE THE UNITED COMMERCIAL BANK SUBSIDY FROM STATE PAYMENT FOR 1948-49 - SANCTION DISCONTINUANCE FROM 1949-50 - Orders REQUESTED.

Ref:-C.No.G.S.Try.24/49 dated 27-2-49 from

******

ASSISTANT SECRETARY TO GOVT. 3162 18 MAY 1949 CHIEF SECRETARIAT

Not received here

55229 26-5-49 TELEGRAM

1 The United Commercial Bank, Sandur was opened in Sandur on 28--1--47, and before its inception, the Second Member of the Sandur State cabinet, in his letter No.J.877/C-VIII-4(1) dated 13-10-46 (copy enclosed) offered to pay a subsidy on the following sliding scale to the Bank from the State.

pp 3-4 Ldrs

For the first two years.	Rs.4,000/-
Third and Fourth years.	3,000/-
Fifth and sixth years.	2000/-
Seventh and Tenth years.	1000/-

2 After the period of 10 years the subsidy would disappear and the matter would be re-examined. The Board of Directors have accepted the terms and conditions referred to in the enclos to the letter of the Second Member dated 13-10-46. and opened the bank. But no formal sanction of the Government has been made sanctioning the above scale of subsidy.

3 The first instalment of the subsidy (Rs.4000/-) was paid on 19-3-48 after obtaining the sanction of the Cabinet (copy of resolution enclosed). The bank has claimed the subsidy amount of Rs.4000/- for the second instalment i.e., for the year 1948-49 , i.e. 1-1-48 to 31-12-48.

4 The Sarkar Vakil of Sandur State who was consulted considers that the wording " For the First Two years, subsidy of Rs.4000/- " means for each of the two years and that therefore the sum of Rs.4000/- due to the Bank for 1948-49 should be paid. I request that sanction for the payment of the above sum to the United Commercial Bank, Sandur may be accorded.

5 The Sarkar Vakil suggests that the agreement with the Bank may be terminated by giving them notice. As regards the services that the Bank is giving to the State and to the Public, the following information is submitted for Government's consider

6 TheState Treasury gets receipts sometimes through cheques and it is easy to get the amounts credited into the bank at Sandur. This will avoid Postal expenses. Payments can also be made through Bank drafts when payments are to be made outside the State. The State has got a balance of Rs.52,335-8-11 by 31-3-49 in the said bank.

7 There are about thirty to forty current accounts including savings Bank accounts opened by the Public of Sandur, the Chief of which are the General Sandur Mining Company, DECCAN (SANDUR STATE), the Sandur Plantations Ltd., and the Sandur Tobacco Company, Yeswantanagar. It is reported that these Companies approached the Government of Sandur for opening a branch of a bank for facilitating their business transactions and the Government agreed to subsidise the bank to comply with their request and for the benefit of the public. The Bank is however said to be working at a loss at Sandur and if the subsidy is cancelled, it is likely to close. In the absence of a bank at Sandur, some of the Companies who are able to transact their business at Cheaper rates will have to go to Bellary for their business . But the general public of Sandur will not however be affected much by the closure of this bank, as it does not lend on mortgage of Agricultural Produce.

8 Considering the amount of subsidy payable to the Bank by theGovernment, every year, and the extent of services rendered by the bank to the State, and to the public, I feel that it is not desirable to continue the subsidy any longer to the bank. I suggest that the entire balance of theSandur State with this bank be withdrawn before issuing notice for the discontinuance of the subsidy and thereafter the authorities of thebank may be given notice that the Government have decided to discontinue the subsidy. This will take us till 30-6-49 (a quarter in the current year) and the subsidy can be discontinued with effect from 1-7-49, the amount due for the 1st quarter of 1949-50 that is Rs.750/- being paid.

9 I request early orders in the matter.

18/5/49

COLLECTOR BELLARY.

Enclosure to letter No.J.877/C-VIII-4(1) , dated 13th October 1946 from theSecond Member (finance),State Executive Council,Sandur to theGeneral Manager, United Commercial Bank, Calcutta.

Sub:- Opening of branch of the United Commercial Bank Ltd., in Sandur State.

Letter dated 24th December 1945 from the General Manager, United Commercial Bank, Calcutta to the Finance Member, State Executive Council, Sandur.

The Sandur Government are agreeable to grant to the United Commercial Bank Ltd., concessions Nos. 3 and 5 asked for by them.

2. As regards concession No.1 the Sandur Government presume that Bank organised under the Co-operative Societies Act in force in the State, the State Treasury, and Banking work done by private individuals, be excluded from the monopoly asked for by the Bank. The Sandur Government would like to know if this is exactly implied in the concession No.1 asked for by the United Commercial Bank, in the letter under reference. With this proviso, the Sandur Government are prepared to grant to the United Commercial Bank monopoly of banking business in the State for a minimum period of Ten years. The Sandur Government should, as is customary with all other Banks, be free to invest their cash surpluses in any manner they deem fit. The Sandur Government would like to know, if this is also implicit in the concession number 1 asked for by the United Commercial Bank in the letter under reference.

3. The Sandur Government feels that, in view of these concessions that would be granted to the United Commercial Bank, the subsidy of Rs.5,000/- per year should be reduced, and that the Bank should make its own arrangements to house its office and Manager, it being understood that , if the State has suitable buildings, they will place them at the disposal of the United Commercial Bank, on a reasonable rent, until their buildings are built by the Bank. The Sandur Government, therefore, suggest the following sliding scale as of subsidy for the Bank.

For the first two years	subsidy of	Rs.4,000/-
third and fourth years	,, ..	3,000/-
Fifth and sixth years	,, ..	2,000/-
Seventh and tenth years	,, ..	1,000/-

After the period of ten years, the subsidy granted would disappear, or will be re-examined.

NOTE:- IN THE CASE THE UNITED COMMERCIAL BANK SHOULD CONSTRUCT AT ITS COST BUILDINGS TO HOUSE ITS OFFICE AND MANAGER THE GOVERNMENT ARE PREPARED TO PAY TO THE UNITED COMMERCIAL BANK A CONSOLIDATED SUBSIDY OF RS.5,000/- PER ANNUM ON THE UNDER STANDING THAT AFTER A PERIOD OF FIVE YEARS THE QUESTION OF CONTINUING OR DISCONTINUING THE SUBSIDY WILL BE RE-EXAMINED

4. The Treasury Transactions of the State will continue to be dealt with by the State, as at present, but the matter will be open to further consideration later.

5. The Sandur Government would like to know the decision of the Board of Directors of the United Commercial Bank at a very early date, to enable further action being taken in the matter. The Sandur Government would welcome counter proposals if any, from the United Commercial Bank in the matter.

Sd. V.N.Rao,
Second Member (Finance)
State Executive Council, Sandur.

P.T.O.

Subject:- Subsidy payment of to the UCo bank, Ltd.

NOTES AND ORDERS.

Item no.13 of the proceedings of the Extra-ordinary meeting of the Cabinet held on 13-3-48.

" A sum of Rs.4,000/- is sanctioned and may be ~~paid~~ paid to the Bank.".

Sd.H.Barain,
Financial Secretary to Government

Letter dated 9th December 1946 from the General Manager, The United Commercial Bank, Ltd., Bombay to the Second Member (Finance) State Executive Council, Sandur.

Dear Sir,

Sub:- Opening of a branch of the United Commercial Bank in Sandur State.

Please refer to your letter No.J.877/C-VIII-4(1) dated 13th October 1946, in connection with the above.

2. I am glad to say that my Board of Directors have accepted your Government's kind invitation to open a branch of our bank in the State on the terms and conditions referred to in the said letter.

3. I hope you must be aware that a new legislation has been passed in India, under which no bank can open any new branch without the sanction of the Reserve Bank of India. I am now getting in touch with the Reserve Bank and hope to secure their permission at an early date.

4. In the meantime, I am making arrangements for staff to be sent to Sandur State and as soon as Reserve Bank's permission is obtained, arrangements would be made to open a branch of our bank in your State.

5. I hope that the relationship between the bank and your Government and people of Sandur state, would be mutually beneficial and help in the economic progress of your state and its people.

Yours faithfully,
sd. Illegible.
General Manager.

/ True Copy /

Letter No.J.877/C-VIII-4(1) dated 13-10-46 from the Second Member (Finance) to the General Manager, The United Commercial Bank ,Royalt Exchange Race, Calcutta.

Sub:- Opening of a Branch of the United Commercial Bank in Sandur State.

Please refer to correspondence resting with your letter dated 20th March 1946 to the Finance and Industries Member, Sandur,

2. I am now enclosing our final proposals, and I would request you to expedite the matter, as several banks have approach us, in view of the expanding industrial policy of the State.

3. I might also add that the existing industries in the State are likely to give you a business of not less than twenty lakhs per annum.

Sd.V.N.Rao,
Second Member(Finance).

/ True copy

THE GOVERNMENT OF SANDUR
STATE SECRETRIAT SANDUR
GENERAL SECTION.
G.O.C.NO.G.S.100-48(Try/6) -48, Dated 17th March 1948.

Sub:- UNITED COMMERCIAL BANK SANDUR PAYMENT OF SUBSIDY TO THE

Read:-1). Letter No.J.877/C-VIII-4(1) dated 13-10-46 from the Second Member (Finance) State Executive Council, Sandur to the General Manager United Commercial Bank, Calcutta.

Letter dated 19th December 1946 from the General Manager the United Commercial Bank, Calcutta to the Second Member, Government of Sandur.

P.T.O.

Order:-

The Government of Sandur are pleased to sanction the sum of Rs.4,000/- (Rupees four thousand subsidy to the United Commercial Bank, Sandur for one year ending 27th January 1948. The Treasury is authorised to make payment of this amount to the Bank forthwith.

By Order of Government of Sandur)

Sd. Illegible.

Financial Secretary to Govt.

Please issue

15/6/49 SPECIAL

14/6

HA 46049

Finance Dept:

Memo no. 3780/Exp 9-2 dy 14.6.49.

Banks - Sandur State - The United Commercial Bank Ltd. - Subsidy from the State - Discontinuance from 1949-50.

pp 1-2 cf

Ref: From the Collector of Bellary, R.C. no. 3560/49. c.c. dy 17.5.49

See the note of the Legal Dept.:

It appears from the correspondence between the Govt. of Sandur State and the United Commercial Bank Ltd. no mention is made of giving notice and termination of contract, that the agreement between the Sandur Govt. and the Bank cannot be terminated. It is not therefore clear how the Sarkar

2 8

Vakil has suggested that the agreement with the Bank may be terminated by giving them notice. The Collector of Bellary is requested to make the position clear very urgently.

~~AA~~ B
14 Aug

Cs
14.6.47

To The Collector of Bellary,
Bellary.

Std
15/6/48

9/28

THE UNITED COMMERCIAL BANK, LTD.

(INCORPORATED IN BRITISH INDIA. LIABILITY OF MEMBERS LIMITED.)

TELEGRAMS: "UCOBANK"
PHONE: 2935
POST BOX NO. 23
XXX
XX

XXXXXXXXXXXXX
4, KEMPEGOWDA ROAD
XXXXXXXXXXXX
BANGALORE CITY.

607/49

Sandur, 15th June 1949

65691

E.C. Allardice, Esq., I.C.S.,
Collector,
Bellary.

GOVERNMENT 23 JUN 1949

ASSISTANT SECRETARY TO GOVT. 3741 10 JUN 1949 CHIEF SECRETARIAT

Dear Sir,

Subsidy.

We have to draw your immediate attention to the amount of subsidy due to us (Rs.4,000/-) from the Government of Sandur. As per agreement, this amount was due for payment on 27th January 1949. But we have not till now received the amount althougl we have drawn the attention of Special Officer-in-charge several times to this fact. As it is pending for payment for over 4 months, we shall be much obliged if you ~~kindly~~ will kindly issue instructions to the concerned authorities for an early payment of this amount.

Yours faithfully,

Sd. M. Srinivasa Rao.

Officer-in-Charge.

Copy to : The Chief Secretary to the Government of Madras, Madras for information and necessary action.

Poll. No 3741/49-1
22.6.49

Public (Political) Dept.

Development u.o. in continuation of u.o. no 3162/49-1, Pub (Poc), d 22/6/49.

Officer-in-Charge.

21/6/49 Cue 21.6.49 22/6/49

Dept. 5527-R[illegible]

-4- 20/

(revised)

Finance vide its confirmation
of this Dept. W.O. No 55299 K/49-5
Dated 3.6.49.

24.6.49. 24.6.49 Fin. - Thro K
25/6/49

Rev. U.O 65691-V/49
25.6.49.

42174 C
Exp. A. 25.6.49

Fin (Exp A)

A reference has been
made to the Collector of Bellary
and his reply is awaited.
No reply seems necessary to the
letter on p 3 above. The Collector
may be reminded on 2.7.49.
28.6.49 If necessary

28/6/49 25.6.49.

ASSISTANT SECRETARY TO GOVT. 3974 30 JUN 1949 CHIEF SECRETARIAT

EA 11

ASSISTANT SECRETARY TO GOVERNMENT 2 - JUL 1949 43443 FINANCE DEPARTMENT

Revenue Department.

From
F. C. Gwyer Esq. I.C.S.
Collector, Bellary.

To
The Chief Secretary to Government, Fort St. George,
M a d r a s.

Ref. C.No. 3560/49 CC dated 26-6-1949.

Sir,

Sub; - Banks - Sandur State - The United Commercial Bank Ltd. subsidy from the state - discontinuance from 1949-50.

Pur (Proceedings) Finance dept.

Ref; - Government Memorandum No. 37090.Exp. A2/ dated 14-6-49.

Finance M.O 3974/49-1 30.6.49

pp 1-8 above

The reasons for which Sarkar Vakil has suggested the termination of the payment of subsidy to the United Commercial Bank Sandur by giving them notice are detailed below.

Pur (Proceedings) No 3974/49-1 30.6.49

1) The proposals contained in the letter dated 13-10-1946 from the Second Member (Finance) State Executive Council Sandur to the General Manager, United Commercial Bank, Calcutta and the acceptance of the terms contained therein by the Board of Directors of the Bank, conveyed in their letter dated 19-12-1946 to the Second Member, State Executive Council Sandur, were not placed before the Executive Council nor approved by the Government of Sandur (copy of former letter was already submitted to Government with this office reference dated 17-5-49. A copy of the letter dated 19-12-46 from the Bank authorities is now enclosed).

2) The work of the bank was found "not satisfactory" even in 1948, as seen from the note of the Treasury Officer Sandur dated 3-2-48 while submitting proposals for payment of the subsidy.

3) There was no clause which prevented the termination of the arrangement by either party at any time during the period stipulated and there was also no clause imposing any penalty or giving room for claiming damages in case of termination of the arrangement by either party.

4) If,instead of the Government, the Bank chooses to ~~kikax~~ close its office within the period, the subsidy has to be stopped and the bank cannot be compelled to function, however useful its working may be both to the Government and the public - it is however not useful to the public at large as it does not lend an mortgage system, nor it is necessary for Government's use, as the state has merged and the Government transact business through its own treasuries and the Imperial Bank.

5) In actual fact, the terms of the contract have not been embodied in the form of an agreement and hence termination of the subsidy does not result in the breach of any valid agreement between the bank and the Government ~~of Baroda~~.

In view of the above reasons, it is considered unnecessary to continue the subsidy for the bank any further and the Sarkar Vakil thinks that the bank can have no legal claim against the Government for such termination of the subsidy.

But as the Bank has to be given some time for winding up if necessary, I now suggest that the subsidy may be terminated with effect from 1-9-49 and not from 1-7-49 as already suggested in my letter dated 17-5-49.

I request that the Government may pass orders in the matter soon so that a notice may be issued to the authorities of the bank without further delay.

27/6/49

Collector.

Camp. Daroji
Dated 26-6-49.

snr. 27.6.

13

Letter dated 19th December, 1948 from the General Manager, The United Commercial Bank Ltd. Bombay to the Second Member (Finance) State Executive Council, Sandur.

Subject; - Opening of a branch of the United Commercial Bank in Sandur State.

Please refer to your letter No.J. 877/C.VIII-4 (i) dated 13th October, 1946 in connection with the above.

2. I am glad to say that my Board of Directors have accepted your Government's kind ~~ak~~ invitation to open a branch of our bank in the State on the terms and conditions referred to in the said letter.

3. I hope you must be aware that a new legislation has been passed in India, under which no bank can open any new branch without the sanction of the Reserve Bank of India. I am now getting in touch with the Reserve Bank and hope to secure their permission at an early date.

4. In the meantime, I am making arrangements for staff to be sent to Sandur State and as soon as Reserve Bank's permission is obtained, arrangements would be made to open a branch of our bank in your State.

5. I hope that the relationship between the bank and your Government and people of Sandur State, would be actually beneficial and help in the economic progress of your statee and its people.

Sd. Illegible
General Manager.

/True copy/

ASSISTANT SECRETARY TO GOVERNMENT
47053
18 JUL 1949
FINANCE DEPARTMENT

From
E.C.Allardice Esq., I.C.S.,
Collector of Bellary.

To
The Chief Secretary to
Government, Fort St. George,
M a d r a s.

4275
15 JUL 1949
CHIEF SECRETARY

R.f.C.No.3560/49 S.C. dated 12-7-49.

Sir,

Sub: Banks - Sandur - The United Commercial Bank Ltd., Subsidy to the bank.

Ref: 1.Government memorandum No.37090/Exp.A2. d/14.6.49.
2.This office R.f.3560/49 CC dated 26.6.49.

*****

In continuation of my reference second cited above, I submit that the officer in charge of the United Commercial Bank Sandur has informed me that the branch at Sandur will be closed with effect from 31.7.49. He has therefore requested for sanctioning the subsidy due to the bank upto 31.7.49. The following amounts of subsidy are due to the bank as per agreement.

Subsidy for 1948-49 payable on 27.1.49	..	6,000- 0-0
Subsidy from 28.1.49 to 27.7.49	..	6,000-0 -0
4 days in July 1949:	..	44- 7-1
		6044-7-1

As the authorities of the bank have themselves chosen to close the bank, there is no further necessity to consider the question of cancellation of subsidy agreed to be paid to the bank by the late Sandur Government, with the closure of the bank, the agreement will automatically cease to be inforce.

I however consider it necessary that the bank should be paid the subsidy upto the date of closure, as no notice has been served on them terminating the agreement. I therefore request the Government to accord sanction for the payment of the subsidy amount due to the bank for the year 1948-49 and till 31.7.49 in the year 1949.50. The bank will be informed that the grant of the subsidy will be cancelled with effect from 1.8.1949.

In this connection, I submit, that I have issued instructions to the Special Officer Sandur to withdraw the balance on Sandur Government account in this bank with interest accrued thereon and to credit the amount to Madras Government account with the Imperial Bank of India. I request that my action may be ratified.

Sd.E.C.Allardice,
Collector.

13.7.49
For Collector.

VK.12.7. KA/12/7.

Pub(Pm)No 4275/49-1 16.7.49

Public (Pm) Deptt.,

Finance n.o. w contraction of this Deptt., No IRO. 3974/49-1 Pub(Pm) d/- 30.6.49 for necessary action.

16/7/49. Cee 16.7.49.

16/7/49

Fin.

16

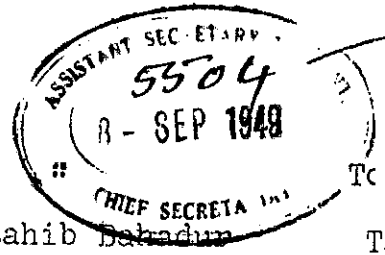
Fin (Exp.A.)

The file returned to by the Pub (Poll) Depn owing was sent to that Depn with this Depn. u.o. no. 37090/EA.4 dt 16.7.49 with a request that orders sanctioning a subsidy of Rs 4000/- to the Bank may be issued in that Depn & this may also be returned to Pub (Poll). in continuation for sanctioning the payment of R' 6000/- as recommended by the Collector (instead of R' 4000) as this is reported to be in accordance with the terms of agreement. The Collector should be asked to see that this payment is made only after the State funds lodged in the Bank are withdrawn and credited to Govt accounts.

18/7/49. Sd/-
A
B
18.7.49.

18-7-49 Pub/Poll

Fin u.o. 47053/EA.A1
16-7-49
4360
18 JUL 1949



Pre 7.

From

Syed Md. Nakhuda Sahib Bahadur, M.A.,B.L.,
Collector, Bellary.

To

The Chief Secretary to Govt.,
Fort St.,George., Madras.

Ref.C.No. 3560/49 S.1 dated 3-9-49.

Sir,

Sub:- Banks United Commercial Bank - Sandur payment of subsidy orders requested.

Ref:- This office Ref. 3560/49/49 CC dated 26-6-49.

***

file in circulation

I invite your attention to the reference cited above and request early orders.

For Collector

A.K. 6/9 KR/6/9

15/9/49

Public (Political) Dept.

Memo no. 5504/49-1 dated 15-9-1949

Sub: Sandur – The United Commercial Bank Ltd., – grant of subsidy –

Ref: From the Collector of Bellary, Ref. C. No. 3560/495. dt 3/9/1949.

/ Plante.

The matter is under consideration and orders will issue shortly.

15/9/49

Law 16/9/49 12/9/49 Cur 13-9-49

Note: The file on the subject is now in circulation. On its return, necessary orders will be issued. An interim reply may be sent to the Collr. Draft memo above is for approval.

Collector of Bellary, Bellary.

12/9/49 Cur 13-9-49

15/9/49

Pub.(Poll.)Deptt.

G.O.Ms.No. 3192 dated 16.9.1949

Sub: States - Sandur - The United Commercial Bank Ltd., Sandur - Payment of subsidy - Ordered

Read
~~Ref.~~ From the Collector of Bellary, R.C.No.3560/49 C.C. d/17-5-49.
From the Collr.of Bellary, Ref.C.No.3560/49. S.C. d/12-7-49.

...

ORDER.

Sanction is accorded for the payment of Rs.6,044-7-1 (Rupees six thousand and forty four, annas seven and pie one ~~pie~~ only) to the United Commercial Bank Ltd., Sandur, being the amount of subsidy payable to the said Bank for the period specified in the Annexure below in accordance with the terms of agreement entered into by the late Sandur Govt. with the authorities of the Bank ~~referred to above~~.

2. The Collr.of Bellary is informed that he should effect payment of the amount sanctioned in para 1 above, only after the State funds lodged in the United Commercial Bank dtd. Sandur are withdrawn and credited to the Prov Govt. accounts. He is requested to submit a report in due course.

3. The action of the Collr. in having instructed the Special Officer, Sandur to withdraw the balance on Sandur Govt. account in the Bank together with interest and to credit the amount to the Provincial head of account in the Imperial Bank of India is ratified.

4. The expenditure should be debited to the head of account "P.II - Deposits and Advances - Deposits not bearing interest - C. Other deposit accounts - Other Accounts - ~~Expenditure on Sandur State~~ Account of Sandur State".

To the Collr.of Bellary.
" the Finance Deptt.
" the A.G. thro' Finance.
" the Officer-in-charge,
The United Commercial Bank Ltd.,
Sandur (Para 1 only with Annexure.)
Copy to the Govt.of India,
Ministry of States,
New Delhi (~~with enclosur~~
for information.
5. copies — 3.

ANNEXURE.

	Rs. A. P.
Subsidy for 1948-49 payable on 27-1-1949.	4,000--0--0
Subsidy from 28-1-49 to 27-7-49.	2,000--0--0
28-7-49 to 31-7-49 (both days inclusive).	44--7--1
Total ...	6,044--7--1

23
19

THE UNITED COMMERCIAL BANK LIMITED.

(INCORPORATED IN INDIA, LIABILITY OF MEMBERS LIMITED)

All Letters to be addressed to the Dept. concerned quoting ref. No. All remittances should be made payable to the United Commercial Bank Ltd. and not to individuals

TELEGRAMS: "UCOBANK"
PHONE: 2935
POST BOX NO. 23
4, KEMPEGOWDA ROAD,
BANGALORE 2

Reference No. 4/175

26th Sept 1949

5933
28 SEP 1949

The Chief Secretary,
Government of Madras,
Madras.

Dear Sir,

STATES - Sandur - Payment of subsidy to us - ordered.

We thank you for the copy of your letter dated 16th instant conveying us the extracts from G.O.Ms.No.3192 sanctioning payment to us of Rs.6044-7-1 being the subsidy amount due to us as per details mentioned therein.

Yours faithfully,

Accountant.

Kvr/Msn

Public (Political) department

~~Submitted for perusal.~~

Filed with G.O.Ms.No. 3192, Pub (Pol), dt 16.9.49

28/9/49

Cert 28.9.49.

30/9/49

Issue
15/9/49

Public (Political) Department.

Memo no. 5504/49-1 dated 15-9-1949

Sub: Sandur – The United Commercial Bank Ltd., – grant of subsidy –

Ref: From the collector of Bellary, Rep. C. No. 3560/495. d. 3/9/1949.

The matter is under consideration and orders will issue shortly.

15/9/49

Issued 16/9/49 Cut 13.9.49

Note: The file on the subject is now in circulation. On its return, necessary orders will be issued. An interim reply may be sent to the Coll. Draft memo above is for approval.

12/9/49 Cut 13.9.49

15/9/49

To: The Collector of Bellary, Bellary.

Rev. Dept

Attention is invited to the letter from the Collector of Bellary and its enclosures on pp. 1-6 ~~above~~ C.F. The reference has, apparently, not been sent to this Dept. by Pub. (Pol.) consequent on the merger of the Sandur State with the Indian Union. The subject-matter of the letter, which relates to ~~some~~ certain financial transactions between the Sandur State and the United Commercial Bank, Sandur, seems to be one for consideration in Finance. This may therefore be transferred to that Dept.

2-6-49 2.6.49 3/6/49

Rev. Dept No 10
55229
7.6.49

SECRETARY TO GOVERNMENT
37090
4 JUN 1949
GOVERNMENT

ASSISTANT SECRETARY
T279
10 JUN 1949
3.40 PM
LEGAL DEPARTMENT

Finance (Exp.A) Department.

Please see the letter from the Collector of Bellary on pp.1-2 ~~above~~ C.F. and its enclosures on pp-3-6 ~~above~~ C.F.

2. The Collector's suggestion to discontinue the payment of a subsidy to the United Commercial Bank Ltd., Sandur, after the entire balance of the Sandur State with the Bank, viz. Rs.52,335-8-11, is withdrawn and giving notic for the discontinuance of the subsidy thereafter may be accepted. The question of withdrawal of the balance of th Sandur State from ~~the~~ Banks is separately under considerati in Finance (W & M). It will take sometime before orders are issued in consultation with Public (Poll.) who have been requested to furnish certain information. Meanwhile, Legal may be requested to state whether a month's notice t the Bank, after withdrawal of the State's balance with it, regarding discontinuance of the subsidy will be sufficient.

A (on 3/3/49) on p 2 ~~above~~ C.F.

(Since the entire balance of this Bank was withdrawn on a notification an Executive Order is not necessary.)

A

Fin. M.O. 37090/Exp.A-1
10.6.

D/AS CS
Fin. W+M
8/6/49

LAA B
8.6.49 8.6.49

CSK
10.6.49 ASI

10.6.49 Legal

9/2/

Legal Department.

It would seem that the agreement between the Sandur Government and the Bank cannot be terminated--see the correspondence on the subject between that Government and the Bank at pp.3-5 ante where no mention is made of giving of notice and termination of contract. It is not, therefore, clear how the Sarkar vakil has suggested that the agreement with the Bank may be terminated by giving them notice. The Collector of Bellary may be specifically consulted on the point.

13.6.49 for Finance

Legal U.O. 7279 dt 14-6-49

Fin (Exp A)

(Previous Finance note on p 7 above)
Please see the note of the Legal Department above. With reference to A above, a draft memo from the Collector of Bellary is submitted for approval.

14.6.49

14.6.49

[Issued as memo no. 3780/Exp A-2 dt 14.6.49]

[From the Collector of Bellary, Ref C. No. 3560/49. CC. dt 26.6.47]

The letter from the Collector of Bellary on pp 11-12 CF. may be perused. The reasons for which the Sarkar Vakil has suggested the termination

of the payment of subsidy to the United Commercial Bank, Sandur, by giving them notice are set out by the Collector in pp 11-12 C.F.

The case may now be sent to the Legal Deptt. with reference to their note on p 2 above.

6/7/49 6.7.49

6.7.49 6.7.49

Legal

Fin. ...370/0/EA-3

6.7.49

LEGAL DEPARTMENT.

It is noticed from the letter of the Collector at pp. 11-12 c.f. that the giving of notice has been suggested not for any legal reasons but only for giving some time to the Bank to wind up. The question is, therefore, one of policy.

ASSISTANT SECRETARY 8596 7 JUL 1949 LEGAL DEPARTMENT

11.7.49 for Finance

Legal 2-0-85-96/EA.

11.7.49.

ASSISTANT SECRETARY TO GOVERNMENT 12 JUL 1949 45647 FINANCE DEPARTMENT

Finance (Exp.A) Deptt.

The United Commercial Bank, Sandur is working since 28-1-1947. Before its inception, the Second (Finance) Member of the Sandur State Cabinet ~~has offered~~ agreed to pay ~~to~~ the Bank from the State funds, a subsidy on the following sliding scale:

	Rs.
For the first 2 years ...	4,000
For the third and fourth years.	3,000
" 5th and sixth "	2,000
" Seventh to Tenth "	1,000
After the 10th year.	Nil.

The subsidy for the first year, namely from 28-1-47 to 31-12-47 has been paid with the sanction of the Cabinet of the Sandur State.

2. The Sandur State has now been merged with the India Union from 1-4-1949. The Collector of Bellary consider

that the Bank is not serving the needs of the State and the public satisfactorily and has suggested:

(1) that the subsidy payable in the year 1948-9, i.e. for the period from 1-1-48 to 31-12-48 may now be paid to the Bank as per agreement;

(2) that the balance of State funds with the Bank amounting to Rs.52,335-8-11 may be withdrawn; and

(3) that the Bank may be served with a notice that the subsidy promised by the State Member will be stopped from 1-9-1949, the proportionate subsidy however being paid for the period 1-1-49 to 31-8-1949.

The reasons given by the Sarkar Vakil for giving the notice will be found on pp.11-12 C.F.

3. Item (1) in para.2 above: Finance may agree to the payment of Rs.4,000 due for the second year. Public (Poll) may be requested to issue orders sanctioning the payment ~~by the Collector of Bellary of the subsidy~~.

4. Item (2) & (3) in para.2 above: Giving notice of withdrawal dependent on the withdrawal of State funds in the Bank. The question of withdrawal of the balance is separately under consideration in Public (Poll.). It is understood that they have asked the Collector whether the amounts should not be withdrawn. The question of giving a notice may await the withdrawal of State funds in the Bank.

5. Meanwhile the case may be sent to Public (Poll.) for taking necessary action with reference to para.3 above.

15/7/49 16.7.49 16/7/49 Thro' T&N 16/7/49

16.7.49 16.7.49

37090 16.7.49

~~Pub. (Poll.) Deptt.~~

"Extract from Finance Department's note, on page 16 c.f.

The file referred to by the Pub. (Poll.) Deptt. overleaf was sent to that deptt. with this deptt. U.O.No. 37090/E-A.4, dated 16-7-49 with a request that orders sanctioning

sanctioning a subsidy of Rs.4,000/- to the Bank may be issued in that deptt. This may be returned to Public (Poll.) in continuation for sanctioning the payment of Rs.6,044-7-0 as recommended by the Collector of Bellary ~~instead~~ instead of Rs.4,000/- as this is reported to be in accor accordance with the terms of agreement. The Collector should be asked to see that this payment is made only after the State funds lodged in the Bank are withdrawn and credited to Government accounts.

A

Fin U.O. 47053/EA-1
18-7-49

A.M.B.
18-7-49 Pub (Poll) deptt.

1/ Please see the notes of Fin. and Legal from page 1 ante. The Collector of Bellary has since reported that the branch of the ~~limited~~ United commercial Bank at Sandur will be closed with effect from 31-7-1949 and has also stated that the question of issue of notice to the Bank authorities regarding the cancellation of the payment of subsidy sanctioned by the Sandur Durbar does not therefore arise. The amount of subsidy due to the Bank as per agreement till 31-7-1949 is Rs.6,044-7-1. It may be sanctioned subject to the condition mentioned at A in the Fin. Deptt. note extracted at pages 4 - 5 above

2/ The action of the Collector in having instructed the Special Officer, Sandur to withdraw the balance on Sandur Government account in the said bank together with interest and to credit the amount to the Provincial head of account of this Government may be ratified.

3/ It seems appropriate if orders are issued by Development. The file may be transferred to that deptt. for necessary action.

Poll 4338/49-I
29-7-49

ADDITIONAL ASSISTANT SECRETARY TO GOVERNMENT
29 JUL 1949
DEPARTMENT

Cue 25-7-49 79071 29-7-49 28/7/49

Dev. Dept.

Notes from p. 3 above may be perused. The file has been transferred to this Dept. by Pub. (Pol.) for the issue of orders:-

(i) sanctioning the payment of a sum of Rs. 6,044-7-1 to the Limited Commercial Bank Ltd., Sandur, on account of subsidy due to it till 31-7-49 as per agreement with the Sandur State; and

(ii) ratifying the action of the Collector in having instructed the Special Officer, Sandur, to withdraw the balance on Sandur Govt. account in the Limited Commercial Bank and to credit the same to the Provincial head of account of this Govt.

The subject 'Banks' and 'Banking' has till recently been dealt with in this Dept. Consequent on the promulgation of the Banking Companies Act, 1949 (Central Act X of 1949) with effect from 16-3-49, the administration of Banks and Banking Companies has devolved on the Reserve Bank of India and this Govt. is not now concerned with their administration. The issue of orders in this file does not, therefore, seem to be a legitimate function of this Dept.

2. Further, this is a matter which purely relates to the financial transactions of the State. Pub. (Pol.) have already a file dealing with the State Treasury and matters pertaining thereto and it seems appropriate that Bank. Dept. issues orders in this file.

3. The file may be returned to Pub. (Pol.).

31.7.49 2/8/49

8.8.49

Pub (Pol)

Dev. No 79071 K/49-1
5012
17 Aug 1949 26-8-49

EA

Public (Political) Department.

(Previous notes of this department at p. 5 ante.)

Further notes of development at p. 6 ante may be perused. In the circumstances explained in their note, a draft order sanctioning the subsidy to the United Commercial Bank Ltd; Sandur is submitted for approval. Finance may see before circulation.

23/8/49

Finance

Fin (Ex & A)

(Last Finance note extracted on pp 4-5 above)

The draft order may be accepted subject to the alterations indicated in pencil.

26/8/49

Pub (Poll)
5012/49-I
23-8-49

Circ
19-8-49

16/8

ASSISTANT SECRETARY TO GOVERNMENT
55204
24 AUG 1949
FINANCE DEPARTMENT

Thro' W&M
26-8-49

26/8/49

Pub (Poll)
26/8/49

Fin 55204 EA 1

ASSISTANT SECRETARY TO GOVT
5252
26 AUG 1949
CHIEF SECRETARIAT

Pub. (Poll.) Department.

SUMMARISING NOTE:

The United Commercial Bank, Sandur has been working since 28-1-1947. According to the agreement entered into by the late Sandur Govt. with the authorities of the said Bank, subsidy on the following sliding scale has to be paid to the Bank:-

For the first two years	...	Rs.4,000/-.
For the third and fourth years	...	3,000/-.
For the fifth and sixth years	...	2,000/-.
For the seventh to tenth years	...	1,000/-.
After the tenth year	...	Nil.

The subsidy for the first year, viz. from 28-1-47 to 27-1-48 has been paid with the sanction of the Sandur

p. 3 c. f.

K ibid.

K on p. 6 cf.

22/59

Cabinet. The Collector of Bellary has reported that the Bank at Sandur would be closed from 31-7-1949 and has requested for orders as to the payment of the subsidy due upto that date. According to the agreement the subsidy amount due to the Bank for the period from 28-1-48 to 31-7-1949 is worked out to be Rs.6,044-7-1. Finance have suggested that the payment of the subsidy should be made only after the State funds lodged in the said Bank are withdrawn and credited to Government accounts.

Necessary draft order put up below has been accepted by Finance. For orders as to circulation.

2

5

1-9-49

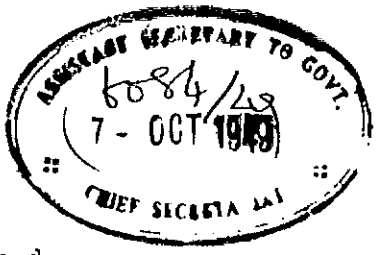
3/9/49

for

15.9

(Issued as G.O. Ms. No. 3192, d. 16/9/1949).

Revenue Department.



From

Sri. N.V.Sugavanam,
Collector, Bellary.

To

The Chief Secretary to Government,
Fort St. George, M a d r a s.

D.Dis. 3560/49 Dated 27-9-49

Sir,

Sub;- States- Sandur - The United Commercial Bank Ltd., Sandur payment of subsidy- withdrawal of monies- Report submitted-

Ref;- G.O.Ms. No.3192 Public(Pol)Department dated 16-9-49

****

With reference to paragraph 2 of the above G.O. I submit that a sum of Rs.24,853-6-1 including interest upto 30-7-49, lying to the credit of the Sandur State Huzur Treasury Account in the United Commercial Bank Ltd, Sandur, was withdrawn on 30-7-49 and kept in the Sandur State Treasury. Instructions have been issued to the Treasury officer Bellary to see that excess cash balance in the double lock and single lock at the Sandur Treasury are withdrawn and credited to the Provincial Head of account in the Imperial Bank of India, Bellary.

for Collector. 29/9/49

K.R.28/9

E A

Public (Political) department.

Memo no 6084/49-2 dated 31/XI/49.

Issue memo 1.11.49

Subj: Sandur - The United Commercial Bank Ltd, Sandur - Payment of Subsidy - withdrawal of monies - Report-

1-1 21-22 Cy A Ref: G.O. Ms. No. 3192, Pub (Poll), d 16/9/49
From the Collector of Bellary, O. dis. 35-60/49 d 27/9/1949.

1-1 Cy.

A copy of the letter no O. dis 35-60/49 d 27/9/1949 cited is communicated to the A. G. Madras for information.

20/10/49

DD Secret (Poll) Cy sent 1-1 Cy
Cue 17.10.49.

To: The A. G. Madras.
Copy to Finance (through Finance (without encl) 1-1 Cy
Copy to the Colln. of Bellary (with enclosure) 1-1 Cy Cue DD issued by RP 9/11/49
Copy to the Secy to Govt of India, Ministry of States, New Delhi. (with encl) 1-1 Cy
From W.O. 7032/ExA/49-1 dt 26.10.49.

Note: Please see the letter from the Colln. of Bellary in the cy. A copy of it may be communicated to the A. G. Madras for information. Draft memo above is submitted for approval. Finance may see before issue.

20/10/49

Cue 17.10.49

Pub (Poll) Memo 6084/49-1 22/X/49

19/10/49

ASSISTANT SECRETARY TO GOVERNMENT
7032 Ex A
24 OCT 1949
FINANCE DEPARTMENT

Finance (Exp-A)

May be perused and returned to Public (Poll).

26/X/49

Finance memo 7032.7.84 A 26/X/49

Thro' W&H 26.10.49

6589
28 OCT 1949

25.10.49

C.S. 26/10/49

Pub (Poll)

. . . . . Public (Political) department

Finance have seen the draft memo overleaf. It may now issue.

25/10/49 Lee

31/10/49

(Issued as Memo no 6084/49-2 d 3/11/49).

The papers may now be filed with H.O. Mg. No. 3192, Pub (Pole), d 16/9/1949 at (0).

11/11/49

12/11/49